

SUMMARY OF SANCTION AGREEMENT KELLY LARRY WARRACK

On March 23, 2022, the Complaints Inquiry Committee approved and accepted a sanction agreement pursuant to the provisions of s. 74 of the *Chartered Professional Accountants Act*.

Kelly Warrack admitted to the allegations of unprofessional conduct as set out in the June 22, 2021 motion referring the matter to a hearing, in that:

While he was a shareholder and director of, and acting as Vice President, Finance for, Company A:

1. During the period 2003 to 2012, received the following payments or benefits from Company A that he knew, or ought to have known, that he was not authorized to receive:
 - a. Cash payments totalling \$280,379.30 to himself, his family members and his personal companies' expenses;
 - b. Payments totalling \$129,317.25 in relation to his personal residences;
 - c. Payments totalling \$127,773.19 in relation to his family vehicles' gasoline, equipment and general repairs;
 - d. Payments totalling \$49,102.43 for personal household expenses;
 - e. Payments totalling \$28,545.41 for personal and family phones, television and internet charges;
 - f. Interest payments totalling \$20,301.07 in respect of his personal credit cards;
 - g. Payments totalling \$61,283.76 for personal medical expenses;
 - h. Payments totalling \$25,095.75 that he put towards amounts he owed to Company A under his shareholder loan by:
 - i. Running personal expenses through the company to reduce his loan balance by the amount of Goods and Services Tax ("GST"); and
 - ii. Claiming a \$10,000 GST credit;
 - i. Payments totalling \$31,478.05 that he used to reduce the amounts he owed to Company A under his shareholder loan by using Company A customer overpayments;
 - j. Interest payments totalling \$75,425.28 in respect of his Company A line of credit and credit cards;
 - k. A benefit of \$28,562 which was the balance of his shareholder loan account as of March 30, 2012, that was never repaid or accounted for as a taxable benefit to himself; and
 - l. Payments totalling \$61,270.24 from Alberta Co 1.
2. Failed to properly record the payments and benefits he received, as referred to in allegation 1 above, in the financial records of Company A; and
3. Obtained an unauthorized benefit of \$802,000 from Alberta Co 2, a company of which he was a director and his wife was the other director and the sole shareholder, with respect to the January 31, 2008, sale of the condominium units that Company A leased and occupied ("Company A Units") to Alberta Co 1, a company created for the purposes of owning the Company A Units and in which the majority of shares were held by the shareholders of Company A.



AND, Kelly Warrack, and the Complaints Inquiry Committee agree that the sanctions to be imposed in consequence thereof will be:

1. Cancellation of registration;
2. A fine of \$15,000 for each of allegations #1, #2 and #3 within 30 days of the statement of costs being served;
3. Costs of the investigation, hearing and compliance with the orders, in accordance with bylaw 1601, within 30 days of the statement of costs being served;
4. Mandatory publication pursuant to section 98 of the *CPA Act* and bylaws 1550-1557;
5. A notice of cancellation be placed in the *Calgary Herald*, and that more information can be obtained at CPA Alberta.

Discipline Tribunal Secretary
March 2022